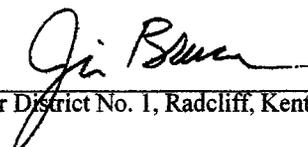


Hardin County Water District No. 1

CLASSIFICATION OF SERVICE:
 GENERAL RULES AND POLICIES
 CITY OF MULDRAUGH - WHOLESALE SEWER TREATMENT SERVICES

(N)

1. **Applicability:** These rules, rates and policies apply to the District's single wholesale sanitary sewer treatment customer, being the City of Muldraugh ("City"), located in Meade County, Kentucky, and will be in affect until changed and approved by the District's Board of Commissioners and the Kentucky Public Service Commission ("PSC"). Other rules, policies, customer rights and levels of service, which may be required by the PSC and are available from the PSC offices (phone 1-800-772-4636 or TDD at 1-800-648-6056) or may be reviewed upon request at the District offices.
2. **Requirement to Accept Customer:** As part of the District's contract and acquisition of the U.S. Government's ("Government") sanitary sewer system ("Fort Knox System"), the District was required to accept the City as a customer, and begin providing sewer treatment services. This requirement was also recognized in the PSC's order authorizing the District to accept the Government's system, and begin operations as a sewer utility (PSC case 2004-00422, order dated December 1, 2004, Section 22.e.) This requirement was also set forth in the Government's contract to the District, section J32.4 "Current Service Arrangement", which contract has been set forth in the District's existing sewer utility tariff as "Attachment A". This section in the Government contract requires the District to begin and **continue** providing sanitary sewer treatment services to the City, after July 1, 2007, after which time the City would no longer be a sewer customer of the Government.
3. **Services Provided:** The service provided to the City by the District is the treatment of its sanitary sewer, biodegradable wastes, which will be pumped from the City's collection system, into the District's Fort Knox System. The District will not be providing any other services to the City's sewer collection system, or other facilities located within the incorporated limits of the City.
4. **Area Sewed:** There is no specific service area which the District will serve related to this tariff. As the City owns the sewer collection within the City limits, and will continue to maintain said system, the District will provide no services within the City limits.
5. **Point of Service:** The point of service shall be at a manhole at the end of a sewer force main, which is owned by the City. The manhole is located approximately 138 feet east of the centerline of the CSX railroad line, and 1,800 feet southeast from the intersection of said railroad line and the center of Brandenburg Station Road. The

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 SECTION 9 (1)

By 
 Executive Director

Hardin County Water District No. 1

CLASSIFICATION OF SERVICE:
 GENERAL RULES AND POLICES
 CITY OF MULdraUGH - WHOLESALE SEWER TREATMENT SERVICES

(N)

ownership of the sewer main upstream of the point of service shall be owned by the City, and the City will be responsible to service and maintain said sewer main, up to the point of service, including the manhole. The coordinates of this point are; X= -85 degrees, 58 minutes, 28.89 seconds West: Y= 37 degrees, 55 minutes, 14.35 seconds North. The City has also agreed to allow the District to use portions of this force / gravity main, which lie within the boundary of the Ft. Knox military base, for connection of other District customers or sewer service lines.

- a. **Metering Station Location:** In order to provide metering of adequate accuracy, at a serviceable location with electric service, the District's meter to be used for billing shall be located directly south of the City's sewer lift station, which is upstream of the point of service, by approximately 5,490 feet. Said lift station is located near the intersection of Sunset and Perrine Streets, within the City of Muldraugh. The City agrees to allow the District to locate the meter, meter vault, appurtenances and any telemetry controls within the City's easement or property at said site.
- b. **Meter Accuracy:** The District shall be responsible to maintain, replace and read the meter. The District will maintain and test the meter in accordance with PSC regulations, 807 KAR 5:066, Sections 14, 15 and 16, which provide requirements for potable water meters. As the District will be using an electro-magnetic flow meter (EFM), the District will also be required to comply with terms of an order from the PSC to the District, providing guidelines for use of EFM meters, which order was dated June 6, 2004, PSC Case No. 2003-00480,
6. **Reimbursement for Sewer System Inspection:** To assist the City with locating and finding sources of excessive Inflow & Infiltration (I&I), which increase flows to the District's sewer treatment plant, the District and City entered into a previous agreement or special contract for the District to provide CCTV camera inspection and report of the City's sewer system. This agreement was executed on January 31, 2007. Under the terms of the agreement, the City agreed to reimburse the District a total of \$5,500, by making payments of \$153.00 per month, for thirty-six (36) months, beginning with the first bill for services from the District to the City. Said monthly payment is included as a Special Charge in this tariff, and will cease and no longer be paid once the full amount has been paid to the District.

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 CITY OF MULDRAGH - WHOLESALE SEWER TREATMENT SERVICES

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7. Discharge Strength & Control Requirements:

- a. The City is authorized to discharge sewage strengths at levels equal to or less than the limits set forth in the Fort Knox Pretreatment Program without penalty. Discharge of amenable parameters (BOD, TSS, and Ammonia) that exceed the allowable average levels will evoke a penalty fee for the period in excess. For this tariff, these levels shall be determined by the following parameters and amounts;
- i. Total Suspended Solids (TSS): Shall be no more than an average over a thirty (30) day period of 500 milligrams per liter (mg/l).
 - ii. Biological Oxygen Demand (BOD): Shall be no more than an average over a thirty (30) day period of 500 mg/l.
 - iii. Ammonia: Shall be no more than an average over a thirty (30) day period of 60 mg/l.
- b. The City agrees to allow the District to use sampling equipment, located at the point of metering, to determine the discharge strengths. Average strengths for this section shall be determined by composite samples collected randomly during any month at the District's discretion. In the event that the average strength of any of the above parameters are determined to be in excess, the City agrees to execute, perform, and/or abide by the following conditions:
- i. To assist the District in determining which *City customer(s)* is discharging excessive strength parameters, which is causing the City's sewage average to exceed the levels established herein.
 - ii. The City will be assessed a penalty per month for each incident of excessive strength, which will continue until such time levels are returned to acceptable values. The City may elect to recover the cost of the penalty once established to the parties involved.
 - iii. The penalty cost will be based on each excessive pound loading for the number days out of compliance, for each parameter exceeding the limits herein. The days out of compliance will be counted from the date of

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 CITY OF MULDRAUGH - WHOLESALE SEWER TREATMENT SERVICES

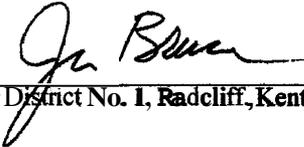
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sample showing excessive levels to the date of sample showing acceptable levels. In no event shall the number of days the penalty apply exceed 31.

- iv. To adopt and implement all elements of the Fort Knox Pretreatment Program as needed to control both prohibitive and amenable parameters and reduce amounts of excessive strength being contributed to the sewer system by the City's customers.
- v. To enforce any section of the Fort Knox Pretreatment Program or other City or State statutes or regulations which would address illegal sewer discharges or excessive strength discharges.
- vi. The City is **also** required to develop and/or maintain a municipal Sewer Use Ordinance which shall provide limits, prohibited discharges, penalties or enforcement action against any residential or commercial sewage dischargers within the City, in order to control prohibitive or limited discharges. The requirements stipulated in the Muldraugh City's Sewer Use Ordinance shall be **no** less stringent than the requirements specified in the **Fort** Knox Sewer Use Regulations.

8. Prohibitive Parameters: The City agrees to allow the District to monitor for parameters which would be prohibitive at the stated levels and indicate the presence of any materials of a disruptive nature to the Fort Knox System. Any parameters or material at excessive levels, explosive or harmful in nature or contaminants that would be destructive to the Fort Knox System, from the City shall be prohibited. In the event that the District is able to confirm, through tangible evidence with actual sampling or testing, that hazardous materials or prohibitive contaminants have been received by the District, from the City's system, the *City* agrees to complete the following;

- a. Assist in investigating the source or cause of the discharge or hazardous material within the City's collection system.
- b. Reimbursement the District for any additional tests, treatment chemicals or mitigation or clean-up expenses if the event is found to be from a source of discharge from within the City's system.

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CITY OF MULDRUGH - WHOLESALE SEWER TREATMENT SERVICES**

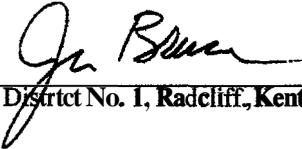
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9. **Rates and Charges:** The rates and charges which are applicable under this tariff are as follows;

SERVICES REQUIRED/ SUPPLIED	AGREED FEE / RATES
Rate per 1,000 gallons of sanitary sewer flows metered and measured, and contributed from the wholesale customer, for transfer through the District's sewer collection system to the District's sewer treatment plant, and for cost of treatment of the customers sewage flows	\$1.178 / kgal
Fixed monthly charge to provide and maintain flow metering, remote monitoring and measurement of flows, amortized recovery of a metering equipment station, periodic annual sewage strength monitoring and monthly billing and service availability.	\$402.24 Per Month
Special Charge: Reimbursement of Sewer System inspection services, as agreed by customer in January 31, 2007, for a total number of 36 payments, beginning with the first monthly bill to the customer and terminating once a total of \$5,500 has been paid to the District.	\$153.00 Per Month
High Strength Penalty: This rate shall be applied to each pound for each parameter that exceeds the set limits found in Section 7 of this tariff.	\$0.40 / lb. (For excess BOD and TSS) \$0.60/ lb. (For excess Ammonia)

10. **Billina Policies & Due Date:** The typical monthly due date shall be the fifteenth (15th) day of each month, which date may vary as required by holidays or weekends. If payment is not received at the District office by the due date, a ten percent (10%) penalty shall be added to the due amount. In the event that payment is not received within fifteen (15) days after the due date, the District and City agree the following may occur, at the District's discretion:

- a. The District may file a lien on any unpaid balance against the City, its assets, its other revenue sources, as needed to collect and recover the past due amount.

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- b. The District may choose to file other court or legal action against the City, as needed to recover the unpaid amount. In this event, the City agrees that the District will also add other legal and collection expenses as necessary and incurred by the District.
 - c. The District may file for relief and action from the Kentucky PSC. Said action may include request that the City pay an additional surcharge to continue to receive sewer treatment services, that the City pay additional penalties or late charges, or as a last resort, if ordered by the PSC and or the Division of Water, that the City divest and transfer its sewer utility and system to the District.
11. **Future Rate Adjustments:** All rates and charges shall remain in affect beginning on the effective date of this tariff, and until a future rate adjustment is submitted by the District and approved by the PSC. The City shall have a right to advance notice of any rate change, and rights for intervention, as set forth under **PSC regulations** and statutes applying to customers of a regulated utility in Kentucky.

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